

Tricare Regional Business Office (TRBO) Update



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Overview

- Current Situation
- Recommendations and Rationale
- Current Status
- Future Plans



TRBO Introduction

“Who We Are”

- Your regional Group Purchasing Organization (GPO)
 - Common use medical-surgical supplies / equipment
 - Now pharmaceuticals!
- Represent 46 DoD medical facilities in the 17-State area
- Governed by USA Medical Dept as Executive Agent
 - Recently aligned with SA MM
 - Standardization governed by the regional Tri-Service Product Review Board (TPRB) chaired by COL (Dr.) Cuda
- Medical-surgical standardization is clinically driven and voluntary
- Pharmaceutical program has focused on Mandatory Source Contracts (MSC)

TRBO Introduction

“What We Do”

- Collective bargaining to reduce regional costs of clinically preferred products through committed volume agreements
- Maximize use of Prime Vendor (PV) and Electronic Catalog (ECAT) distribution systems
- Seek joint regional and VA partnership opportunities
 - Improve bargaining position / cost-effective business process
- Monitor pharmaceutical Mandatory Source Contracts
 - Ensure maximum utilization / cost avoidance

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“Success Stories”

- FY04 regional med-surg cost avoidance will reach > \$5.2 Million
- FY04 regional med-surg PV sales will climb to >\$6.8 Million
- FY04 regional ECAT sales will increase to >\$4.5 Million
- FY04 regional pharmacy cost avoidance will be >\$3.4 Million
- 1st Joint VA-DoD-regional equipment standardization effort for vital signs monitors
- 1st Joint VA-DoD-wide clinical evaluation for basic OR instruments
 - Contract award - expected Dec04
- 1st to integrate pharmaceutical products into its regional standardization business process
- Awarded DLA’s “DoD Customer Of The Year” award for innovative product standardization initiatives

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“Success Stories” Cont.

- SAMM med-surg average voluntary compliance = 74% (1st-3rd Qtr)
- FY04 SAMM med-surg cost avoidance \$1.4 million (1st-3rd Qtr)
- SA MM pharm MSC average compliance = 90% (1st-3rd Qtr)
- SA MM pharm cost avoidance
 - FY03 = \$2 million off spend-line
 - FY04 = \$150K off spend-line (1st-3rd Qtr) - maintenance phase
- 57 med-surg product groups standardized - 8,260 items
- Standardized item pricing averaged 15% less than FSS for your clinically preferred items
- Influencing the market through compliance
 - Many voluntary price reductions from non-select suppliers

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Future Initiatives

- OR instruments – award pending; projected savings = \$250K/yr
- Pharmacy labels – \$500K market, projected savings = \$75K/yr
- Interventional radiology / peripheral vascular stents – price negotiations
- Other targets
 - Lab supplies
 - Defibrillators
 - Orthopedic soft goods
 - Orthopedic implants (hips, knees and shoulders)
 - Hospital beds
 - Hospital linens
 - IV pumps/supplies

TRBO Goals

- Increase savings through clinically preferred standardization and compliance
- Expand into new markets
 - Pharmaceuticals
 - Dental
- Create opportunities through automation
 - Increase PV utilization and ECAT participation - ↓ credit card utilization
 - Streamline MSC management - PV auto-substitution test
 - Improve tracking and utilization of PV credits
- Expand awareness and participation
 - Strengthen partnership with major commands
 - Facilitate collaboration between Services to expand opportunities
- Makes good sense in our revised financing environment!



San Antonio MM0